

In re
NORTH PLAZA, LLC
Debtor and Debtor In Possession.

Chapter 11

**DEBTOR'S REPLY IN SUPPORT OF
AMENDED MOTION FOR ORDER: (1)
APPROVING SETTLEMENTS WITH
SECURED CREDITORS; AND (2)
AUTHORIZING PAYMENT OF
SECURED CLAIMS**

Date: February 6, 2006
Time: 10:30 a.m.
Dept: Four
Honorable Peter W. Bowie

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1 North Plaza, LLC (the “Debtor”), the Debtor / Debtor In Possession in the above-entitled
2 Chapter 11 bankruptcy case, respectfully submits this reply to the opposition filed by James Bree
3 (“Bree”) with respect to the Debtor’s Notice of Amended Motion and Amended Motion For Order
4 (1) Approving Settlements With Secured Creditors, and (2) Authorizing Payment of Secured Claims
5 (the “Amended Motion”).¹

6 Initially, it should be noted that Bree incorrectly asserts (Opposition at p. 2) that the
7 Amended Motion does not include the claims of the Suprunuks and Douglas / CFFAI. As made
8 clear in the Amended Motion (at pp. 1, 3, 4), the settlements with the Suprunuks and Douglas /
9 CFFAI remain pending, subject to any amendments that might be offered,² and those settlements
10 will be determined pursuant to one or more evidentiary hearings yet to be scheduled.

11 Bree continues his now-familiar tactic of attempting to inject numerous issues into this
12 contested matter that have nothing to do with whether Claim Nos. 14 and 16 should be settled and
13 paid. Bree tosses around alleged, unsupported facts as if they were inherently relevant to some issue
14 before the Court, when in fact, they are not. Bree also makes numerous incorrect and misleading
15 statements that need to be corrected. In addition to the matters addressed in the Debtor’s pleadings
16 filed in connection with the Original Motion, the Debtor believes the Court should be made aware
17 of the following:

18 • Bree suggests (Opposition at p. 2) that the Debtor is trying to side-step the Court’s
19 Order of November 10, 2005 by “repackaging” Claim Nos. 14 and 16. The Debtor is doing nothing
20 of the sort. The Debtor agrees that although some economic terms of the proposed settlements of
21 Claim Nos. 14 and 16 have changed, the changes do not affect any of the issues relating to Claim
22 Nos. 14 and 16 that the Court identified in its November 10, 2005 Order as requiring resolution

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26 ¹ Unless otherwise defined, capitalized terms herein have the meanings ascribed to them in
27 the Amended Motion.

28 ² The Debtor presently anticipates some changes to the proposed Douglas / CFFAI
settlement; however, those changes have not been determined or negotiated.

1 pursuant to an evidentiary hearing.³ For that reason, the Debtor rejects Bree's efforts—which his
2 counsel raised in open court on January 19, 2006—further to delay resolution of this bankruptcy case
3 by suggesting that the Debtor is starting anew with the Amended Motion. No new issues are raised
4 by the Amended Motion with respect to Claim Nos. 14 and 16, and in light of the Court's
5 November 10, 2005 Order with respect to the Original Motion, an evidentiary hearing to resolve the
6 Amended Motion should be scheduled as soon as possible so that the anticipated requests by
7 Dynamic and Sabella for additional interest and attorneys' fees will be minimized.

8 • Bree continues (Opposition at pp. 3-4) his efforts to complicate this contested matter
9 by arguing that because Mr. Johnson has interests in other entities that borrowed money from
10 Dynamic and Sabella, the details of those relationships and those loans must be fully explored, and
11 the proposed settlements should not be approved. Bree has never offered a shred of evidence to
12 span the logical crevasse between his premise and his conclusion. And this is true despite the
13 following facts: (1) this bankruptcy case has been pending for almost two years; (2) Bree's former
14 counsel and the Debtor's counsel worked together and obtained from Dynamic and Sabella
15 extensive informal discovery during late 2004 and early 2005; (3) Bree conducted formal discovery
16 in connection with the Debtor's Motion For Order Allowing and Authorizing Immediate Payment of
17 a Portion of Dynamic Finance's Secured Claim filed March 25, 2005 (the "Paydown Motion")
18 [Docket No. 249], in connection with which Bree raised many of the same issues he is raising now;
19 (4) the Original Motion has been pending since August 24, 2005; and (5) the Court made clear in its
20 November 10, 2005 Order, and again at the December 19, 2005 status conference (at which time the
21 Court directed Bree to proceed immediately with any discovery he desired to conduct), that this
22 contested matter would proceed to evidentiary hearing (whereupon Bree propounded no discovery
23 until January 10, 2006). Bree has demonstrated that his counsel, like most lawyers, can think up
24 innuendos and "issues" to raise; but what Bree has not demonstrated is that he has or will present a
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28 ³ Dynamic's Claim No. 15 has been eliminated from the proposed settlements, which means
that any issues pertaining to that claim (such as marshaling) no longer are relevant to this contested
matter and the Debtor does not intend to address them at the evidentiary hearing.

1 shred of evidence suggesting that the Debtor does not owe money to Dynamic and Sabella pursuant
2 to their Claim Nos. 14 and 16.

3 • Bree asserts (Opposition at p. 4) that Dynamic is entitled to exercise managerial
4 rights over the Debtor pursuant to a certain pledge agreement between Shining City, Inc. and
5 Dynamic. Regardless of what rights Dynamic might have, those rights have not been exercised
6 (understandably, Dynamic would not desire to manage a debtor in bankruptcy, especially given that
7 the Debtor expects to distribute no residual interest to any of its members.)

8 • Bree argues (Opposition at pp. 4-5) that the Debtor has no incentive to scrutinize
9 Claim Nos. 14 and 16 because the Debtor is not expected to have a residual interest in the estate.
10 Bree ignores the fact, mentioned above, that Debtor's counsel and Bree's former counsel together
11 submitted to counsel for Dynamic and Sabella numerous informal requests for documents and
12 information, all of which were responded to promptly and satisfactorily. Debtor's counsel evaluated
13 the claims and requested even more information, which was supplied. The analysis of the claims
14 has been shared with the Court and creditors in the Debtor's briefs and related pleadings, and that
15 analysis can be tested at the evidentiary hearing through cross-examination of witnesses regarding
16 the supporting documents and information. Thus, Bree will have yet another opportunity to
17 demonstrate what, if anything, he thinks has been overlooked in the analysis, and he will no longer
18 be able to rely solely on suggestions of supposed conflicts and of imagined effects of unrelated
19 transactions among non-Debtor persons and entities.

20 • Bree forgets that many supposed "issues" his counsel raised privately with Debtor's
21 counsel turned out to be wild goose chases. For example, Bree's counsel represented to Debtor's
22 counsel, in connection with the Debtor's Paydown Motion, that the Debtor's former construction
23 manager, Csaba Ko, would testify that only a small fraction of the advances under the loan that is
24 the subject of Claim No. 16 actually was used to improve the Debtor's property. The Debtor and
25 other parties in interest cooperated with Bree's counsel to arrange for an expedited deposition of Mr.
26 Ko by Bree's counsel on April 6, 2005. Nothing came of Mr. Ko's testimony. In addition, Bree's
27 counsel suggested to Debtor's counsel that Dynamic's loan accounting was fraudulent and that an
28 examination of all cancelled disbursement checks would reveal such fraud. Dynamic's counsel

1 supplied copies of the canceled checks, fronts and backs. Debtor's counsel (and presumably Bree's
2 counsel) reviewed all of the canceled checks and found no material discrepancies or fraud. As a
3 further example, Bree's counsel repeatedly has asserted (and continues to assert in the Opposition at
4 p. 6) that there were serious irregularities in the execution of the original Dynamic loan documents.
5 After investigating, Debtor's counsel disagreed for the reasons discussed in the Debtor's pleadings,
6 which, among other things, point out that a later series of amendments / extensions to the loan
7 documents reaffirm the original obligation such that if there once was some irregularity, it was cured
8 by the later series of unchallenged loan documents.⁴ In short, Debtor's counsel has spent tens of
9 thousands of dollars of time investigating Claim Nos. 14 and 16, often in response to meritless
10 concerns raised by Bree, and has presented the analysis to the Court and creditors for review and
11 comment. The Debtor welcomes the opportunity to resolve any lingering questions that the Court
12 may have.

13 • Bree argues (Opposition at p. 4) that other, non-Debtor entities soon will sell real
14 property for more than \$100 million. This issue is not relevant to whether the Debtor must pay
15 Claim Nos. 14 and 16.

16 • Bree argues (Opposition at p. 5) that in connection with some other loan to a non-
17 Debtor entity, Mr. Lei was alleged to have been an employee of Dynamic. This issue is not relevant
18 to whether the Debtor must pay Claim Nos. 14 and 16. In any event, extensive documentation has
19 been submitted demonstrating Mr. Lie's role in connection with the loan that is the subject of Claim
20 No. 16, and Mr. Lei otherwise will explain in person, at the evidentiary hearing, his role in
21 connection with that loan.

22 • Bree argues (Opposition at pp. 5-6) that some of the proceeds of the loan that is the
23 subject of Claim No. 16 went to pay obligations owed by entities other than the Debtor. This issue,
24 while relevant to the issue of whether the Debtor is entitled to recover such payments from the
25 entities for whose benefit those payments were made (a matter that the Debtor is pursuing), is not
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27 ⁴ Also, Bree never has explained to Debtor's counsel his theory regarding how some alleged
28 irregularity in the initial Dynamic loan documents would excuse repayment of the loan in light of
Dynamic having accounted for all disbursements made under the loan.

1 relevant to the issues of whether the Debtor must pay Claim Nos. 14 and 16 and whether the
2 Debtor's proposed settlements of those claims are within the universe of reasonable alternatives.

3 • Bree alleges (Opposition at pp. 7, 8-9) that in another Riverside action, Mr. Johnson
4 denies that Mr. Chambers (the original owner of the note that is the subject of Claim No. 14) is
5 owed anything on account of the note that is the subject of Claim No. 14. Bree thus alleges that
6 Chambers is suing someone (e.g., Mr. Johnson) for the very same obligation that the Debtor is
7 proposing to pay to Sabella. However, upon review of Mr. Chambers' complaint in that other
8 Riverside action, a copy of which complaint is attached hereto as Exhibit 1, it is obvious that Mr.
9 Chambers is not suing on the January 28, 1998 note that is the subject of Claim No. 14; instead, he
10 is suing on three other notes executed by non-Debtor Shining City, Inc. and dated March 4, 1999.
11 Once again, Bree has his "facts" all wrong, and once again, the Debtor has been forced to incur
12 attorneys' fees and costs addressing a non-issue.

13 • Bree argues (Opposition at p. 7) that the Debtor received no money in connection
14 with issuance of the January 28, 1998 note that is the subject of Claim No. 14. Bree is mistaken
15 again; nevertheless, if Sabella is a holder in due course, which she appears to be, the parties need
16 not expend time or money addressing the issue. The holder in due course issue will be determined
17 at the evidentiary hearing.

18 • Bree argues (Opposition at pp. 7-8) that Sabella cannot be a holder in due course
19 because she took an assignment of the January 28, 1998 note underlying Claim No. 14 some three
20 years after it was overdue. Bree for some reason ignores that Sabella first took a collateral interest
21 in the January 28, 1998 note in May and June of 1999 before the June 12, 1999 due date of the note.
22 See the Declaration of Angela Sabella dated August 24, 2005 ("Sabella Declaration") [Docket No.
23 312], ¶¶ 29-32. If Bree's position had any merit, he would not need to attempt to distort the record,
24 and instead he simply would let the record and the documents speak for themselves.

25 • Bree still asserts (Opposition at p. 9) arguments relating to Dynamic's Claim No. 15,
26 but the Debtor is not presently proposing to settle Claim No. 15.

27 • Bree continues to assert (Opposition at p. 10) that Dynamic and Sabella "funded" the
28 Debtor's bankruptcy, thereby raising the specter of some wrongdoing or improper influence of the

Debtor or its counsel. In fact, Dynamic / Sabella provided \$6,000 of the original, modest \$24,000 retainer to Debtor's counsel. See the Memorandum of Points and Authorities In Support of Debtor's Motion For Order Authorizing It to Employ Nugent & Newnham, APC As General Bankruptcy Counsel filed June 2, 2004 [Docket No. 91], at p. 3 (Frederick Phillips collected and paid over the \$24,000 retainer). However, the \$6,000 simply was a loan to the Debtor, not a gift or bribe to the Debtor or its counsel, and the \$6,000 is included in Dynamic's loan accounting. See the Sabella Declaration, Ex. 6 (entry for Check No. 2536 dated 3/26/04); see also Exhibit 2 attached hereto (copy of Dynamic's Check No. 2536, which Bree's counsel has).

● Finally, all of Bree's allegations and tactics should be viewed in context: (1) Bree obtained his deed of trust in the Debtor's property pursuant to an avoidable, fraudulent transfer; (2) Bree has no secured claim because there is insufficient collateral to secure any claim he might have arising out of his deed of trust; (3) Bree has no unsecured claim arising from his deed of trust because he has no recourse against the Debtor; and (4) all of Bree's other claims against the Debtor are invalid and are not obligations of the Debtor. See the Complaint filed in Adversary Proceeding No. 04-90525 and the Debtor's Objections to Bree's Claims [Docket Nos. 364-369].

CONCLUSION

The Debtor finds many of Bree's allegations puzzling not only because they are based on untrue, distorted, or unsupported facts, but also because the allegations are presented without any explanation of the alleged relevance to the issues identified in the Court's November 10, 2005 Order. The Debtor urges the Court to set an evidentiary hearing in this matter for the earliest possible time so that any open issues can be resolved.

Dated: January 26, 2006

NUGENT, WEINMAN, ABBENE,
ALCOCK & WOLFE, APC

By:

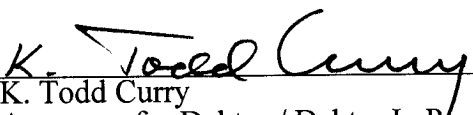

K. Todd Curry
Attorneys for Debtor / Debtor In Possession
North Plaza, LLC

EXHIBIT "1"

FOR COURT USE ONLY

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE

APR 10 2003

- Page 1 of 2

SHORT TITLE: CHAMBERS v. JOHNSON, et al.	CASE NUMBER:
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COMPLAINT—Contract

4. (Continued)
- b. The true names and capacities of defendants sued as Does are unknown to plaintiff.
- c. ☐ Information about additional defendants who are not natural persons is contained in Complaint—Attachment 4c.
- d. ☐ Defendants who are joined pursuant to Code of Civil Procedure section 382 are (names):
5. ☐ Plaintiff is required to comply with a claims statute, and
- a. ☐ plaintiff has complied with applicable claims statutes, or
- b. ☐ plaintiff is excused from complying because (specify):
6. ☐ This action is subject to ☐ Civil Code section 1812.10 ☐ Civil Code section 2984.4.
7. This court is the proper court because
- a. ☒ a defendant entered into the contract here.
- b. ☒ a defendant lived here when the contract was entered into.
- c. ☒ a defendant lives here now.
- d. ☐ the contract was to be performed here.
- e. ☐ a defendant is a corporation or unincorporated association and its principal place of business is here.
- f. ☐ real property that is the subject of this action is located here.
- g. ☐ other (specify):
8. The following causes of action are attached and the statements above apply to each (each complaint must have one or more causes of action attached):
- ☒ Breach of Contract ☒ Common Counts
- ☐ Other (specify):
9. ☐ Other:
10. **PLAINTIFF PRAYS** for judgment for costs of suit; for such relief as is fair, just, and equitable; and for
- a. ☒ damages of: \$ 995,000
- b. ☒ interest on the damages
- (1) ☐ according to proof
- (2) ☒ at the rate of 13 percent per year from (date): March 4, 1999
- c. ☒ attorney fees
- (1) ☐ of: \$
- (2) ☒ according to proof.
- d. ☒ other (specify):
- Plaintiff submits 13% interest lawful pursuant to Finance Code §22502. Plaintiff will remit if the court finds said section is not applicable.
11. ☐ The following paragraphs of this pleading are alleged on information and belief (specify paragraph numbers):

Date: April 3, 2003

HARRY J. HISTEN

(TYPE OR PRINT NAME)


(SIGNATURE OF PLAINTIFF OR ATTORNEY)

(If you wish to verify this pleading, affix a verification)

COMPLAINT—Contract

SHORT TITLE: CHAMBERS v. JOHNSON, et al.

CASE NUMBER:

FIRST

(number)

CAUSE OF ACTION - Breach of Contract

Page 3

ATTACHMENT TO ☒ Complaint ☐ Cross-Complaint

(Use a separate cause of action form for each cause of action.)

BC-1. Plaintiff (name): ROBERT R. CHAMBERS, TRUSTEE OF THE CHAMBERS FAMILY TRUST dated March 3, 1993

alleges that on or about (date): March 4, 1999

a ☒ written ☐ oral ☐ other (specify):

agreement was made between (name parties to agreement): WILLIAM P. JOHNSON and SHINING CITY, INC.

☐ A copy of the agreement is attached as Exhibit A, or

☒ The essential terms of the agreement ☐ are stated in Attachment BC-1 ☒ are as follows (specify):

A copy of three promissory notes executed contemporaneously on March 4, 1999, are attached hereto and incorporated by reference. Plaintiff alleges that the interest rate of 13% is lawful pursuant to Finance Code §22502. However, if said interest is found to be luxurious, plaintiff hereby permits all interest in excess of the statutory maximum.

BC-2. On or about (dates): March 5, 2000

defendant breached the agreement by ☐ the acts specified in Attachment BC-2 ☒ the following acts (specify): Failing to pay monies owed due and payable on March 4, 2000.

BC-3. Plaintiff has performed all obligations to defendant except those obligations plaintiff was prevented or excused from performing.

BC-4. Plaintiff suffered damages legally (proximately) caused by defendant's breach of the agreement

☐ as stated in Attachment BC-4 ☒ as follows (specify): Unpaid principal in the sum of \$995,000 plus interest at the rate of 13% from March 4, 1999, until the date of judgment herein.

BC-5. ☒ Plaintiff is entitled to attorney fees by an agreement or a statute

☐ of \$

☒ according to proof.

BC-6. ☐ Other:

SHORT TITLE: CHAMBERS v. JOHNSON, et al.	CASE NUMBER:
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SECOND **CAUSE OF ACTION - Common Counts**
(number)

Page 4

ATTACHMENT TO ☒ Complaint ☐ Cross-Complaint

(Use a separate cause of action form for each cause of action.)

CC-1. Plaintiff (name): ROBERT R. CHAMBERS, TRUSTEE OF THE CHAMBERS FAMILY TRUST
dated March 3, 1993
alleges that defendant (name): WILLIAM P. JOHNSON and SHINING CITY, INC.

became indebted to ☒ plaintiff ☐ other (name):

a. ☐ within the last four years

(1) ☐ on an open book account for money due.

(2) ☐ because an account was stated in writing by and between plaintiff and defendant in which it was agreed that defendant was indebted to plaintiff.

b. ☒ within the last ☐ two years ☒ four years

(1) ☐ for money had and received by defendant for the use and benefit of plaintiff.

(2) ☐ for work, labor, services and materials rendered at the special instance and request of defendant and for which defendant promises to pay plaintiff

☐ the sum of \$

☐ the reasonable value.

(3) ☐ for goods, wares, and merchandise sold and delivered to defendant and for which defendant promises to pay plaintiff

☐ the sum of \$

☐ the reasonable value

(4) ☒ for money lent by plaintiff to defendant at defendant's request.

(5) ☐ for money paid, laid out, and expended to or for defendant at defendant's special instance and request.

(6) ☐ other (specify):

CC-2. \$ 995,000, which is the reasonable value, is due and unpaid despite plaintiff's demand,
plus prejudgment interest ☐ according to proof ☒ at the rate of 13 percent per year
from (date): March 4, 1999

CC-3. ☒ Plaintiff is entitled to attorney fees by an agreement or a statute

☐ of \$

☒ according to proof.

CC-4. ☐ Other:

DECLARATION OF ROBERT R. CHAMBERS
IN SUPPORT OF APPLICATION FOR RIGHT TO
ATTACH ORDER AND ORDER FOR ISSUANCE
OF WRIT OF ATTACHMENT

I, ROBERT R. CHAMBERS, declare:

I am the Trustee of the Chambers Family Trust dated March 3, 1993, plaintiff herein. I make this declaration of my personal knowledge, and if called as a witness I could and would testify competently to the facts contained herein.

On March 4, 1999, I made a loan in the sum of \$995,000.00 cash to William P. Johnson and Shining City, Inc. Said loan was evidenced by three separate promissory notes of equal date in the sums of \$300,000.00, \$310,000.00 and \$385,000.00, respectively. All three notes were executed by William P. Johnson on behalf of Shining City, Inc., and by William P. Johnson, individually.

I have had made no other commercial loans in the 12-month period surrounding March 4, 1999. I, therefore, believe that under *Financial Code* §22502, this loan is exempt from California's usury law. If, however, the court determines that *Financial Code* §22502 is not applicable, I hereby remit any interest in excess of statutory maximums.

No sums have been paid on the loan, although I have made repeated demands to William P. Johnson for payment of same.

Although the notes recite security in different portions of Mr. Johnson's interests (which at one time totaled 55 percent) of North Plaza, LLC, no security instrument was prepared, nor was the security perfected. Furthermore, it is my belief that Mr. Johnson has conveyed some or all of his interest in North Plaza, LLC to James and Doreen Bree. Therefore, I am advised that although the notes recite some security, no security interest exists or has been perfected.

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1 I, therefore, request that the court issue a right to attach order and order for
2 writ of attachment in the sum of \$2,028,302.00, or such other sum as the court
3 deems just and proper.

4 I DECLARE under penalty of perjury the foregoing is true and correct.

5 EXECUTED this 4th day of April, 2003, at Studio City, California.

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8 ROBERT R. CHAMBERS
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PROMISSORY NOTE

*amount to be adjusted based on income tax accounting for Bear Creek Villas and represents beneficiaries share of profits in Bear Creek Villas.

\$ 300,000.00 *

March 4, 1999

On or before March 4, 2000

Attest Blake

and for value received, the undersigned

promise to pay

to Robert R. Chambers, Trustee of the Chambers Family Trust dated 3-3-92

or order

at 11439 Laurelcrest Drive, Studio City, CA 91604-3872

the sum of Three hundred thousand and no/100----- Dollars

with interest from ~~NO INTEREST~~ March 4, 1999 until paid, at the rate of 12% Quarterly (13) per

per cent, per annum, payable NA

Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. Should default be made in the payment of any installment of interest when due, the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Should suit be commenced or an attorney employed to enforce the payment of this note, I agree to pay such additional sum as the court may adjudge reasonable as attorney's fees in said suit. Principal and interest payable in lawful money of the United States.

THIS NOTE IS SECURED BY A 12% INTEREST HELD BY SHINING CITY, INC. IN THE NORTH PLAZA LLC
PURSUANT TO SEPARATE AGREEMENT BETWEEN THE WITHIN PARTIES

SHINING CITY, INC.,

a Wyoming corporation

By:

[Signature]
[Signature]

PROMISSORY NOTE

\$ 310,000.00

On or before March 4, 2000

March 4, 1999

and for value received, the undersigned

after/dated

to Robert R. Chambers, Trustee of the Chambers Family Trust dated 3-3-94 promise to pay

at 11439 Laurelcrest Drive, Studio City, CA 91604-3872 or order

the sum of Three hundred ten thousand and no/100----- Dollars

with interest from March 4, 1999 until paid, at the rate of thirteen (13)

per cent, per annum, payable at maturity

Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. Should default be made in the payment of any installment of interest when due, the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Should suit be commenced or an attorney employed to enforce the payment of this note, I agree to pay such additional sum as the court may adjudge reasonable as attorney's fees in said suit. Principal and interest payable in lawful money of the United States.
THIS NOTE IS SECURED BY A 13% INTEREST HELD BY SHINING CITY, INC. IN THE NORTH PLAZA LLC
PURSUANT TO SEPARATE AGREEMENT BETWEEN THE WITHIN PARTIES

Shining City, Inc.,
a Wyoming corporation

By:

[Signature]
[Signature]

PROMISSORY NOTE

\$ 385,000.00

March 4

19 99

On or before March 4, 2000

after date /

and for value received

the undersigned

promise to pay

Robert R. Chambers, Trustee of the Chambers Family Trust dated 3-3-92

or order

at 11439 Laurelcrest Drive, Studio City, CA 91604-3872

the sum of Three hundred eighty five thousand and no/100----- Dollars

with interest from March 4, 1999 until paid, at the rate of thirteen (13)

per cent, per annum, payable at maturity

Should interest not be so paid, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law. Should default be made in the payment of any installment of interest when due, the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Should suit be commenced or an attorney employed to enforce the payment of this note, I agree to pay such additional sum as the court may adjudge reasonable as attorney's fees in said suit. Principal and interest payable in lawful money of the United States.

THIS NOTE IS SECURED BY A 16% INTEREST HELD BY SHINING CITY, INC. IN THE NORTH PLAZA LLC PURSUANT TO SEPARATE AGREEMENT BETWEEN THE WITHIN PARTIES

Shining City, Inc.,

a Wyoming corporation

By:

William P. Johnson

William P. Johnson

IN;

SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
4050 Main Street - 2nd Floor
Riverside, CA 92501

NOTICE OF TRIAL DEPARTMENT ASSIGNMENT AND CASE MANAGEMENT CONFERENCE

CHAMBERS VS JOHNSON

CASE NO. RIC391469

The above entitled case is ASSIGNED to the HONORABLE COMMISSIONER JOAN F. ETTINGER in Department 10 for ALL PURPOSES.

The Case Management Conference described in Rules of Court 212 is scheduled for 10/23/03 at 8:30 am/pm in Department 10.

The plaintiff/cross-complainant shall serve a copy of the Notice of Trial Department Assignment and Case Management Conference on all defendants/cross-defendants named or added to the complaint and file proof of service thereof.

Any challenge pursuant to Section 170.6 of the Civil Code of Procedure shall be made within twenty (20) days (15 days pursuant to 68616(I) GC plus 5 days pursuant to 1013(a) CCP) from the date of this notice of assignment, or if the party has not yet appeared, then within fifteen (15) days after the party's first appearance.

If this case has been assigned to a Judge Pro Tempore, whose appointment as Commissioner is in accordance with Article Six, Section Twenty-two of the Constitution of this State and who has been appointed as a Temporary Judge pursuant to an order of the Court under the authority of Article Six, Section Twenty-one of the Constitution and Section 259 of the Civil Code of Procedure; within ten (10) days of the date of this notice, the parties MUST file a Notice of Non-Stipulation if they do not stipulate to the hearing of pre-trial, trial and all subsequent post-trial law and motion matters before the Commissioner.

Failure to file such notice within (10) days shall be deemed acceptance of the assignment.

DATE OF NOTICE: 04/10/03

CLERK'S CERTIFICATE

I, Clerk of the above entitled Court, do hereby certify that on this date, I provided the plaintiff(s) or plaintiffs' attorney of record with a copy of the foregoing NOTICE.

CLERK OF THE COURT

Date: 04/10/03

by:

EXHIBIT "2"

DYNAMIC FINANCE CORP.626-280-2825
853 E. VALLEY BLVD., STE. 200
SAN GABRIEL, CA 91776

DATE

March 23, 2004

16-395/1222

PAY TO THE
ORDER OF

***** Law Offices of The Edward G. Scholss Law Corporation *****

\$ 5,146.95

Five Thousand One Hundred Forty Six and 95/100

DOLLARS

**CATHAY BANK**
Member of FDIC
853 EAST VALLEY BOULEVARD
SAN GABRIEL, CALIFORNIA 91776
1-800-922-9429

⑈002532⑈ ⑆122203950⑆ 07 033 338⑈

⑈0000514695⑈

DYNAMIC FINANCE CORP.626-280-2825
853 E. VALLEY BLVD., STE. 200
SAN GABRIEL, CA 91776

DATE

3/26/04

16-395/1222

PAY TO THE
ORDER OF

***** Frederick C. Philips Attorney at Law, Trust Account *****

\$ 6,000.00

Six Thousand and no/100

DOLLARS

**CATHAY BANK**
Member of FDIC
853 EAST VALLEY BOULEVARD
SAN GABRIEL, CALIFORNIA 91776
1-800-922-9429

DFC#103 North Plaza, LLC

4563.1 Trust ⑈002536⑈ ⑆122203950⑆ 07 033 338⑈

⑈0000600000⑈

